

# **Rules of the**



**2023 REVISION**

**CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT**

**BOARD OF TRUSTEES RESOLUTION**

The Board of the Consolidated Retirement for Local Government resolved at a properly constituted meeting on 15 March 2023 at the CRF Building, 3<sup>rd</sup> Floor, 4 Bridal Close, Tyger Falls, that the revised Rules of the Fund will be submitted to the Financial Sector Conduct Authority for approval. The submission is made in terms of section 12 of the Pension Funds Act, 1956.

The effective date of the implementation of the Fund's Rules is 1 November 2023.

Signed at Bellville on 4 May 2023.

_____	_____	_____
CHAIRMAN	TRUSTEE	TRUSTEE

\_\_\_\_\_  
PRINCIPAL EXECUTIVE OFFICER

**CERTIFICATION BY ACTUARY**

I hereby certify that these Rules are financially sound.

_____	_____
Sean Neethling	Date
Actuary	

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## **CHAPTER 1: INTRODUCTION**

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### **1 NAME AND INCEPTION DATE**

- (1) The Consolidated Retirement Fund for Local Government was originally established as the Cape Joint Pension Fund in terms of Ordinance 23 of 1969 of the Cape Province and was registered in terms of the ACT with effect from 1 May 1996. Members of the Cape Joint Pension Fund were given the option to transfer to the Cape Joint Retirement Fund as of 1 May 1996.
- (2) The name of the Fund was changed with effect from:
  - (a) 1 July 2009, to the Cape Retirement Fund for Local Government;  
and
  - (b) 1 July 2015, to the Consolidated Retirement Fund for Local Government.
- (3) With effect from 1 July 2023 these RULES will be implemented. Although approval of the RULES by the AUTHORITY may take place before or after this date, the RULES will be deemed to have taken effect from the date of implementation.

### **2 OBJECT**

The object of the FUND is to provide retirement and ancillary benefits for the MEMBERS, former MEMBERS and BENEFICIARIES as set out in the ACT and the RULES.

### **3 LEGAL STATUS**

The FUND is a separate legal entity registered in terms of the ACT, distinct from its MEMBERS and will be capable in law, in its own name, of suing and of being sued, and of acquiring, holding and alienating property, movable and immovable.

#### **4 REGISTERED OFFICE**

The registered office of the FUND is at CRF Building, 4 Bridal Close, Tyger Falls, Bellville, or at such other address as may be determined by the FUND from time to time.

#### **5 INTERPRETATION AND DEFINITIONS**

- (1) In these RULES where the context so requires:
  - (a) words and expressions defined in the ACT and not in the RULES, shall bear the meanings assigned to them in the ACT;
  - (b) words and expressions importing one gender shall include the other gender;
  - (c) words and expressions denoting the singular number shall include the plural and vice versa; and
  - (d) the headings are solely for ease of reference and are not to be taken into account in the interpretation of the RULES.
- (2) Unless inconsistent with the context, the following definitions will bear the meanings assigned to them below:

##### **ACT**

The Pension Funds Act, 1956, as amended, and the regulations framed thereunder;

##### **ANNUAL REPORT**

A report publicised in respect of the previous FUND YEAR on the website of the FUND after completion of the audit of the financial statements, containing at least the following:

- An introduction by the Chairman of the FUND;
- The financial statements of the FUND;
- The audit report on the financial statements;
- A report of the Audit Committee;

- A report from the PRINCIPAL EXECUTIVE OFFICER which must contain a summary of the RULE amendments; and
- The valuation of the FUND by the Actuary, if applicable.

**ANNUITANT**

A MEMBER or BENEFICIARY who is in receipt of an in-FUND LIVING ANNUITY;

**APPROVED FUND**

A fund that has been approved as a paragraph (a) pension fund in terms of the definition of 'pension fund' in section 1(1) of the INCOME TAX ACT;

**AUDITOR**

An AUDITOR registered under the Auditing Profession Act, 2005, and appointed in terms of the RULES;

**AUTHORITY**

The Financial Sector Conduct Authority as defined in section 1(1) of the Financial Sector Regulation Act, 2017;

**BENEFICIARY**

Any person who has been allocated a benefit by the FUND;

**BOARD OF TRUSTEES**

The TRUSTEES elected and/or appointed in terms of the RULES to manage the FUND;

**CATEGORY A PENSIONER**

A MEMBER whose pension commenced prior to 1 January 2016;

**CATEGORY B PENSIONER**

A MEMBER who has retired from 1 November 2018, or a BENEFICIARY, who opted to receive a pension from the FUND;

### **COUNCILLOR**

A member of a municipal council;

### **COUNSELLING**

The retirement benefits counselling as envisaged in RELEVANT LEGISLATION, but does not include financial advice as defined in the Financial Advisory and Intermediary Services Act, 2002;

### **DEFERRED MEMBERS**

MEMBERS, including paid-up MEMBERS, whose contributions have terminated due to leaving the service of the EMPLOYER because of resignation or retirement, leaving in the FUND their MEMBER SHARE, or MEMBERS who did not complete the relevant withdrawal form prescribed by the FUND;

### **ELIGIBLE CHILD**

The biological-, adopted-, posthumous- or stepchild of a CATEGORY A PENSIONER who was conceived or born before such pensioner retired, provided such children are:

- (a) under the age of 18 (eighteen) years;
- (b) under the age of 23 (twenty-three) years and are, at the discretion of and subject to conditions imposed by the FUND, receiving full-time education; or
- (c) at the discretion of the FUND unable to support themselves due to being permanently incapacitated by reason of physical or mental infirmity;

### **ELIGIBLE SPOUSE**

The surviving spouse of a CATEGORY A PENSIONER or CATEGORY B PENSIONER, provided that, in the event of more than one spouse, the FUND may at its sole discretion, allocate such benefit in such proportions as it may deem fit to all or any of the spouses;

**EMPLOYEE**

Any person who is in the SERVICE of an EMPLOYER in respect of whom the EMPLOYER has notified the FUND and/or paid over contributions;

**EMPLOYER**

An EMPLOYER participating in the FUND, which is-

- (a) any type of municipality established in terms of legislation and in relation to a MEMBER, the municipality in which SERVICE such EMPLOYEE or COUNCILLOR is,
- (b) any hospital, municipal entity or other institution that fulfils the requirements of paragraph (a) of the definition of "pension fund" in section 1 of the INCOME TAX ACT that participates in the FUND paying over contributions to the FUND in respect of any EMPLOYEE or COUNCILLOR and which EMPLOYEES or COUNCILLORS are MEMBERS or were MEMBERS when employed;

**FUND**

The Consolidated Retirement Fund for Local Government acting through the BOARD OF TRUSTEES or its duly authorised assignees;

**FUND EXPENSES**

All costs associated with the management of the FUND inclusive of communication costs but excluding investment management costs;

**FUND YEAR**

A period of 12 (twelve) calendar months, commencing on the first day of July each year and terminating on the last day of June the next year, or such other period as may be approved by the AUTHORITY;

**INCEPTION DATE**

1 May 1996;

**INCOME TAX ACT**

The Income Tax Act, 1962, and the Regulations framed thereunder;

**INSURER**

An insurer registered in terms of the Long-Term Insurance Act, 1998, which has been appointed to insure those RISK BENEFITS not insured in-FUND;

**INVESTMENT POLICY STATEMENT**

The policy adopted by the FUND in accordance with the provisions of RELEVANT LEGISLATION, in which the different investment portfolios as well as the investment objectives and strategy of the FUND are recorded;

**LIVING ANNUITY**

An in-FUND LIVING ANNUITY payable by the FUND to an ANNUITANT in terms the RULES and subject to the relevant prescribed tax provisions;

**MEMBER**

As defined in the ACT as well as MEMBERS making use of the in-FUND LIVING ANNUITY or CATEGORY B PENSIONER options;

**MEMBER SHARE**

The individual MEMBER SHARE which is held by the FUND in respect of each MEMBER;

**NORMAL RETIREMENT AGE**

The age of 65 (sixty-five) years;

**NORMAL RETIREMENT DATE**

Any day during the month in which a member attains NORMAL RETIREMENT AGE;

### **PENSIONABLE REMUNERATION**

The monthly remuneration on which the EMPLOYER calculates the contribution to the FUND, notified by the EMPLOYER to the FUND each month;

### **PRINCIPAL EXECUTIVE OFFICER**

The person appointed by the FUND in terms of the ACT and the RULES to fulfil the function of principal executive officer in a permanent or acting capacity, on a full-time or contract basis;

### **REGISTERED FUND**

A pension fund organisation that has been registered in terms of legislation;

### **RELEVANT LEGISLATION**

All legislation and legislative measures that apply to the FUND;

### **RISK BENEFITS**

The risk benefits provided by the FUND or an INSURER as below, subject to certain conditions and payment of the monthly premiums:

- (a) The FUND in respect of lump sum death and disability benefits. Any part of these liabilities may be reinsured at an INSURER;
- (b) An INSURER in respect of funeral benefits and, if applicable, dread disease benefits;

### **RULES**

The RULES of the FUND as amended from time to time;

### **SERVICE**

Service as an EMPLOYEE or COUNCILLOR at one or more EMPLOYER;

### **TRANSFER VALUE**

The total value of the benefit transferred to the FUND on behalf of the MEMBER, which will be credited to the MEMBER SHARE ACCOUNT or the PRESERVATION PENSION ACCOUNT;

### **TRUSTEE GUIDELINES, PROTOCOLS AND POLICIES**

Documents approved by the BOARD OF TRUSTEES from time to time which detail the application and procedure of any matter referred to in the RULES and the ACT;

### **TRUSTEE**

A MEMBER, a DEFERRED MEMBER or an ANNUITANT or CATEGORY A or B PENSIONER who was a contributing MEMBER before retirement, or former MEMBER making use of the out of the FUND endorsed retirement options, who was elected to serve on the BOARD OF TRUSTEES.

## **CHAPTER 2: MANAGEMENT OF THE FUND**

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### **6 ELECTION OF BOARD OF TRUSTEES**

(1) The FUND is controlled and managed by the BOARD OF TRUSTEES which itself or through its duly authorised assignees acts for and on behalf of the FUND. The BOARD OF TRUSTEES will consist of a minimum of 8 (eight) in accordance with sub-rule 1(a) and a maximum of 12 (twelve) TRUSTEES consisting of TRUSTEES elected in accordance with sub-rule 1(a) and 1(b), when the first election is held to elect TRUSTEES after these RULES have become operational, to be elected as follows:

(a) 8 (eight) TRUSTEES who received the highest number of votes who are from the following areas:

(i) 4 (four) TRUSTEES from the Western Cape Province;



- (ii) 2 (two) TRUSTEES from the Eastern Cape Province;
    - (iii) 2 (two) TRUSTEES from the other provinces.
  - (b) Up to 4 (four) additional TRUSTEES from the candidates who were nominated for election as TRUSTEES taking into account the following factors:
    - (i) the number of votes cast for candidates not elected in terms of sub-rule (1)(a);
    - (ii) how representative the MEMBERS elected in terms of sub-rule (1)(a) are of the MEMBERS or categories of MEMBERS in the FUND; and
    - (iii) the value that may be added by candidates to the functioning of the FUND.
  - (c) There may not be more than 3 (three) TRUSTEES from the same EMPLOYER serving on the BOARD OF TRUSTEES.
- (2) A serving TRUSTEE, a MEMBER, an ANNUITANT who was a contributing MEMBER before retirement, a DEFERRED MEMBER, a CATEGORY A or B PENSIONER who was a contributing MEMBER before retirement, or a former contributing MEMBER making use of the out of the FUND endorsed retirement options, who was nominated, who signed acceptance of the nomination, and who complies with the requirements for a TRUSTEE as determined by RELEVANT LEGISLATION, the RULES and protocols of the FUND, may be re-elected, elected or appointed as a TRUSTEE. Regarding the statutory requirement on the attainment of levels of skills and training by TRUSTEES, an undertaking to acquire such within the time limit set by legislation and/or the FUND will be acceptable in respect of a candidate for election. Former MEMBER candidates will be regarded as from an area and EMPLOYER where they were contributing MEMBERS.
- (3) A MEMBER, an ANNUITANT, a DEFERRED MEMBER, a CATEGORY A or B PENSIONER, or former MEMBER making use of the out of the FUND endorsed retirement options, may nominate and vote for as many candidates for

election as TRUSTEE, as must be elected and appointed. Each nomination must be in writing, seconded by a minimum of 5 (five) persons who may vote and be accompanied by the signed acceptance and declaration by the candidate confirming compliance with the requirements applicable to a TRUSTEE.

- (4) When a vacancy occurs on the BOARD OF TRUSTEES it will only be filled if the BOARD OF TRUSTEES decides to fill such vacancy, provided that there will always be a minimum of 8 (eight) serving TRUSTEES. Vacancies will then be filled within the time limit contained in RELEVANT LEGISLATION on a process as determined by the BOARD OF TRUSTEES, and such TRUSTEES will serve for the unexpired term until the next election of the BOARD OF TRUSTEES. Vacancies occurring within 6 (six) months before an election of TRUSTEES will not be filled, unless there are less than 8 (eight) TRUSTEES remaining after the vacancy occurred.
- (5) The election of TRUSTEES will take place in terms of rules and processes determined by the FUND for such election, which may not conflict with the RULES and RELEVANT LEGISLATION.
- (6) An election of TRUSTEES must be held every 5 (five) years. A TRUSTEE will remain in office until the TRUSTEES have been constituted for a new term.
- (8) TRUSTEES must perform their functions independently, honestly and reasonably, are subject to the Code of Conduct of the FUND and may be disciplined by the FUND for contraventions thereof, such discipline to include the dismissal of the TRUSTEE or another sanction which the FUND deems appropriate.
- (9) TRUSTEES must continue to obtain and retain such levels of skills and training as decided by the FUND in addition to the statutory requirements as prescribed by the AUTHORITY, and as required in terms of all RELEVANT LEGISLATION.
- (10) The FUND may supply TRUSTEES with the resources to enable the TRUSTEES to perform their duties in the most efficient and effective manner.

## **7 MEETINGS AND OPERATION OF THE BOARD OF TRUSTEES**

- (1) Within 1 (one) month after the election of TRUSTEES has been held, a meeting of the FUND must take place. Such meeting will be chaired by the PRINCIPAL EXECUTIVE OFFICER for the duration of the election of the chairman. All the TRUSTEES must preferably be physically present at such meeting unless it proves to be impossible. Nominations for the office of chairman must be called. A nomination must be accepted by the TRUSTEE nominated. If only 1 (one) nomination is received, the candidate must be declared elected. If more than 1 (one) nomination is received, the BOARD OF TRUSTEES will by secret ballot elect a chairman by majority vote of the total number of TRUSTEES. In the event of no candidate receiving such majority vote, a second election by secret ballot must be held. If there were more than 2 (two) nominations and such majority vote was not achieved, the name of the candidate who received the least votes must be eliminated from the election. If there was an equality of votes between the candidates who received the least votes, an election by secret ballot must be held to determine whose name must be eliminated from the election. This process must be repeated until the meeting must choose between two candidates. If there is an equality of votes in any of the second elections mentioned in this sub-rule, the matter must be determined by lot by the presiding person. The chairman will chair the meeting for the election of the deputy chairman, following the same process as for the election of the chairman. The chairman and deputy chairman will serve in such capacity until the next election. The FUND may appoint the chairman in a full-time capacity.
- (2) The deputy chairman will act as chairman in the event of the chairman being absent, unwilling or incapable of acting in that capacity.
- (3) Should both the chairman and deputy chairman be absent, unwilling or incapable of acting in that capacity, the TRUSTEES present at such meeting will elect a chairman for that meeting from the TRUSTEES present at the meeting.
- (4) In the event of the chairman resigning as a TRUSTEE or as chairman before the expiry of the term of office, the deputy chairman will assume the role of

chairman. In such a case, a new deputy chairman must be elected. If the deputy chairman is not amenable to be the chairman, a new chairman must be elected. Elections referred to in this sub-rule must take place in accordance with sub-rule (1).

- (5) The BOARD OF TRUSTEES may replace the chairman or the deputy chairman by a two-thirds majority vote.
- (6) The BOARD OF TRUSTEES may consider the appointment, or must consider the process of appointment, of up to 4 (four) TRUSTEES in terms of RULE 6(1)(b) at the first meeting after the election.
- (7) The FUND may establish sub-committees and may appoint persons who are not TRUSTEES on such sub-committees. The powers and duties of such sub-committees will be defined by the FUND.
- (8) The FUND shall establish an audit committee as a sub-committee consisting of persons who are not TRUSTEES or employees of the FUND and define the powers and duties of that committee.
- (9) TRUSTEES and persons who are not TRUSTEES serving on sub-committees, may be compensated and reimbursed in accordance with the policies and procedures as adopted by the FUND from time to time.
- (10) The BOARD OF TRUSTEES must meet at least once every 3 (three) months, provided that the chairman may from time to time convene additional meetings and must do so when requested thereto by at least 6 (six) TRUSTEES.
- (11) A majority of the total TRUSTEES on the BOARD OF TRUSTEES in office at that time, will constitute a quorum.
- (12) Any matter may be decided on by a round robin decision taken by electronic means.
- (13) Unless determined elsewhere, decisions by the FUND at a meeting or by round robin will be made by a majority of votes of a quorum and must be minuted and/or submitted to the next meeting for information.

- (14) The FUND may, if the chairman so decides or circumstances so dictate, conduct a meeting by electronic means such as using a computer, a conference telephone or any communication equipment that allows everybody participating in the meeting to identify, speak and hear each other. The provisions of these RULES apply to any meeting of the FUND conducted in this manner.
- (15) Except at the meeting contemplated in sub-rules (1) and (4), the chairman of the FUND has a casting vote in addition to an ordinary vote when there is an equality of votes. If there is an equality of votes in a sub-committee of the FUND, the matter must be referred to the BOARD OF TRUSTEES for decision.
- (16) If there is a matter regarding the election of TRUSTEES, meeting procedure or management of the FUND which is not covered in the RULES or in TRUSTEE GUIDELINES, PROTOCOLS AND POLICIES, the BOARD OF TRUSTEES may decide how it should be dealt with. If the BOARD OF TRUSTEES is not in session or cannot take a decision on such matter, the chairman may take such decision, which will either be minuted or reported at the next meeting of the BOARD OF TRUSTEES.

## **8 TERMINATION OF OFFICE AS A TRUSTEE**

- (1) Notwithstanding the provisions of RULE 6(7), a TRUSTEE will vacate office in any of the following circumstances:
- (a) the TRUSTEE ceases to be MEMBER, an ANNUITANT, a DEFERRED MEMBER, a CATEGORY A or B PENSIONER, or being a former MEMBER, to make use of the out of the FUND endorsed retirement options;
  - (b) a written resignation from the office of TRUSTEE is received by the FUND;
  - (c) failing to attend 2 (two) consecutive BOARD OF TRUSTEES meetings, or 3 (three) meetings of the BOARD OF TRUSTEES or sub-committees thereof during a financial year of the FUND, without having been granted leave of absence;

- (d) failing to acquire the statutory levels of training or skills within the time limit set by RELEVANT LEGISLATION or the FUND, as well as acquiring additional requirements set by the FUND;
  - (e) declared by a competent court to be of unsound mind;
  - (f) declared by a competent court to be incapable of managing his/her own affairs;
  - (g) being an unrehabilitated insolvent;
  - (h) being disqualified to be a director of a company;
  - (i) convicted, whether in the Republic of South Africa or elsewhere, of any crime of which dishonesty is an element, irrespective if such conviction is under appeal;
  - (j) convicted of any crime after 1994, whether in the Republic of South Africa or elsewhere, and sentenced to imprisonment without the option of a fine, irrespective if such conviction or sentence is under appeal;
  - (k) after due process, found guilty by the BOARD OF TRUSTEES of a breach of the FUND's Code of Conduct and dismissed as a TRUSTEE by the BOARD OF TRUSTEES due to such transgression;
  - (l) prohibited in terms of any RELEVANT LEGISLATION to serve as a TRUSTEE; or
  - (m) after having been found by the FUND or another appropriate AUTHORITY of being a person who is not a fit and proper person to serve in a position of trust.
- (2) The provisions of sub-rule (1), where applicable, apply to any person who is nominated for election as a TRUSTEE, as well as a person who is serving as a TRUSTEE. A TRUSTEE who was dismissed as contemplated in subrule (1) may not be nominated to serve as a TRUSTEE again.

## **9 DUTIES AND POWERS OF THE BOARD OF TRUSTEES**

In addition to the object and duties of the BOARD OF TRUSTEES to direct, control and oversee the operations of the FUND in accordance with RELEVANT LEGISLATION and as set out in sections 7C and 7D of the ACT, as well as the RULES, the BOARD OF TRUSTEES has the duties and powers to:

- (a) exercise all powers, rights and privileges vested upon them in accordance with the provisions of these RULES and all RELEVANT LEGISLATION;
- (b) ensure that contributions are paid timeously to the FUND in accordance with the provisions of the ACT;
- (c) obtain expert advice on matters where it is deemed necessary;
- (d) consider the FUND's accounts for approval and ensure the availability of copies for inspection by MEMBERS or any other person entitled thereto;
- (e) produce an ANNUAL REPORT for the previous FUND YEAR;
- (f) ensure that registers are maintained at the FUND's registered office containing information as prescribed;
- (g) subject to RELEVANT LEGISLATION, grant a housing loan, or furnish a guarantee in favour of a financial institution in respect of a housing loan to a MEMBER, on such conditions as may be determined;
- (h) ensuring the receipt, collection, management and investing all the monies of the FUND, including all actions flowing therefrom;
- (i) ensuring the opening of a bank account, and borrowing for bridging purposes subject to RELEVANT LEGISLATION;
- (j) institute, defend and settle legal actions by or against the FUND;
- (k) write off any debts excluding arrear contributions as well as the late payment interest thereon as contemplated in the ACT, dues or other claims which are payable to the FUND and which are deemed desirable to write off as being irrecoverable or the recovery of which would be too difficult or costly or, in

the opinion of the FUND, will not be reasonably practicable to recover, subject to RELEVANT LEGISLATION;

- (l) delegate any of its powers on such terms and conditions as specified to a committee of the FUND, the PRINCIPAL EXECUTIVE OFFICER, a TRUSTEE or service provider of the FUND, provided that the BOARD OF TRUSTEES will retain full responsibility for any power delegated. All decisions taken under delegated AUTHORITY must be recorded and reported to the next BOARD OF TRUSTEES meeting for noting, consideration or ratification, as the case may be;
- (m) appoint such service providers and employees as deemed necessary for the proper execution of the FUND's activities and at such salaries or fees and on such terms and conditions as decided;
- (n) acquire immovable property for investment or to house the FUND, its staff and other needs of the FUND, and lease it to tenants if such property has more capacity than needed by the FUND;
- (o) establish and contribute to a registered pension fund or any other fund of any kind whatsoever, which is conducted for the benefit of the employees of the FUND;
- (p) define the risks regarding all aspects of the FUND, its investments, TRUSTEES, staff and service providers and to implement measures to prevent or reduce such risks to an acceptable level;
- (q) determine the procedures for meetings of the FUND not provided for in the RULES in TRUSTEE GUIDELINES, PROTOCOL AND POLICIES;
- (r) provide RISK BENEFITS by the FUND or by an INSURER to MEMBERS, ANNUITANTS and pensioners on conditions as set out in insurance policy documents and payment of the monthly premiums. The conditions may be amended from time to time;
- (s) oversee the administration of the FUND; and



- (t) ensure the confidentiality of personal information needed to perform the powers and functions of the FUND.

## **10 LIABILITY AND INDEMNIFICATION**

- (1) The TRUSTEES, employees and persons serving in committees, shall be indemnified by the FUND against all proceedings, costs and FUND EXPENSES incurred by reason of any claim in connection with their duties not arising from their negligence, dishonesty or fraud.
- (2) The BOARD OF TRUSTEES shall take reasonable steps to ensure that the FUND is insured against any loss resulting from, but not limited to, errors, omissions, negligence, dishonesty or fraud of any of the TRUSTEES, employees and persons serving in committees and service providers.
- (3) The FUND shall take reasonable steps to ensure that any AUDITOR, Actuary, INSURER, consultant, financial institution or other provider of services to the FUND, indemnifies the FUND against any loss resulting from, but not limited to, errors, omissions, negligence, dishonesty, fraud by such body or any person in its service.
- (4) No TRUSTEE or any person who has been delegated to perform any power or duty on behalf of the FUND shall be liable for any bona fide actions.

## **11 ACTUARY AND ACTUARIAL VALUATION**

- (1) The FUND shall appoint an Actuary subject to RELEVANT LEGISLATION on such terms and for such period as may be determined.
- (2) The Actuary will be the valuator of the FUND and for the purposes of the investigation of the financial condition of the FUND and/or parts thereof and reporting thereof in compliance with RELEVANT LEGISLATION.
- (3) The Actuary will have access to all the data and records needed to determine the financial condition of the FUND and/or parts thereof.
- (4) The FUND will be valued by the Actuary at intervals not exceeding 3 (three) years. The Actuary will submit a valuation report to the FUND, which report will contain recommendations in respect of any surplus or deficit existing at

the date of the valuation. The FUND will send a copy of such report to the AUTHORITY and will indicate to the AUTHORITY the action it proposes taking with regard to any recommendation made by the Actuary in the report. Each EMPLOYER will receive a notification that a copy of the valuation report, or a summary thereof, is available for perusal on the FUND's website.

- (5) In carrying out such valuation, the Actuary will determine the balance in each account.
- (6) If the valuation reveals a surplus, it will be allocated to the various accounts in the FUND in such proportions and in such manner as agreed to by the FUND, after consultation with the Actuary, to be utilised in terms thereof to increase the benefits supported by such accounts. If the valuation reveals a shortfall, the FUND will cause such shortfall to be recouped as recommended by the Actuary or as decided by the FUND, which will not be inconsistent with the provisions of the ACT and the RULES.

## **12 AUDITOR**

- (1) The FUND shall appoint an AUDITOR, subject to the provisions of RELEVANT LEGISLATION on such terms and for such period as may be determined.
- (2) The AUDITOR will have access to all books, accounts and other documents pertaining to the FUND and will certify the result of each audit of the financial statements of the FUND in writing.

## **13. PRINCIPAL EXECUTIVE OFFICER**

- (1) The FUND shall appoint a PRINCIPAL EXECUTIVE OFFICER or an acting PRINCIPAL EXECUTIVE OFFICER on such reasonable remuneration and for such period on conditions as may be determined and in accordance with the provisions of RELEVANT LEGISLATION.
- (2) The PRINCIPAL EXECUTIVE OFFICER may not hold office as TRUSTEE, except when a TRUSTEE is appointed as a temporary acting PRINCIPAL EXECUTIVE OFFICER for a period not exceeding 3 (three) months.
- (3) The PRINCIPAL EXECUTIVE OFFICER's duties are to –

- (a) administer the business of the FUND in accordance with RELEVANT LEGISLATION;
  - (b) perform the duties set out in RELEVANT LEGISLATION, the contract of employment, the RULES, policies, procedures and resolutions as adopted by the FUND;
  - (c) ensure that the website of the FUND is updated and that the ANNUAL REPORT is publicised thereon;
  - (d) ensure that the FUND complies with RELEVANT LEGISLATION; and
  - (e) implement the resolutions, policies and strategies adopted by the FUND.
- (4) Subject to the approval of the FUND, the PRINCIPAL EXECUTIVE OFFICER may delegate any of the duties assigned to the position to an employee of the FUND, subject to such conditions as may be determined, provided that the PRINCIPAL EXECUTIVE OFFICER will retain full responsibility for the actions performed under such delegation.

#### **14 BOOKS OF ACCOUNT**

- (1) The FUND will ensure that such accounts, entries, registers and records as are necessary for the proper management of the FUND are kept. The books of account must be closed off as at the FUND YEAR end and be audited by the AUDITOR of the FUND.
- (2) The annual financial statements have to be approved by the BOARD OF TRUSTEES, will be publicised on the website of the FUND as part of the ANNUAL REPORT and will be available for inspection by MEMBERS of the FUND and any other person who has an interest in the FUND. Copies of such statements may be acquired on payment of the reasonable copying cost.

#### **15 INVESTMENTS**

- (1) All investments will be done and managed subject to RELEVANT LEGISLATION and the INVESTMENT POLICY STATEMENT.

- (2) Investment management fees will be deducted from the related investment portfolio. If this is not possible then the investment management fee or any fees related to the investments will be paid from the relevant accounts on presentation of a valid invoice.

## **16 BANK ACCOUNT**

All monies received by the FUND will be paid into an account opened in the name of the FUND with a registered banking institution subject to RELEVANT LEGISLATION.

## **17 COSTS OF MANAGEMENT OF THE FUND**

- (1) All costs in connection with or incidental to the administration and FUND EXPENSES of the FUND will be paid by the FUND and allocated to the relevant accounts.
- (2) The FUND, after consultation with the Actuary, will determine an amount or percentage of contributions to be deducted to cover reasonable FUND administration costs and FUND EXPENSES from the MEMBER SHARE of MEMBERS, pensioners, DEFERRED MEMBERS, ANNUITANTS and BENEFICIARIES who are paid in instalments.

## **18. AMENDMENT TO THE RULES**

- (1) Subject to the provisions of RELEVANT LEGISLATION, the FUND may amend, rescind or add to these RULES at any time, provided that any amendment to the RULES affecting the financial basis of the FUND will only be considered after consultation with the Actuary.
- (2) The FUND will submit the amendment to the AUTHORITY for approval.
- (3) Any amendment will come in operation on a date determined by the FUND. Where no such date has been determined, it will come in operation on the date it was approved by the AUTHORITY.
- (4) The RULES and amendments must be published on the FUND's website.

## **CHAPTER 3: MEMBERSHIP AND BENEFITS**

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### **19 ELIGIBILITY AND ADMISSION**

- (1) Every person who joins the SERVICE of an EMPLOYER will be obliged to become a MEMBER of either this FUND or any other FUND which the EMPLOYER participates in. Membership and payment of benefits from the FUND are suspended pending the submission of the information referred to in the RULES and the RELEVANT LEGISLATION.
- (2) MEMBERS may not terminate membership of the FUND while they remain in the service of the EMPLOYER. If a MEMBER wants to transfer to another fund to which the EMPLOYER is associated, the application for such transfer will be considered by the FUND. If the application is approved, RULE 50 will apply.
- (3) In addition to the information prescribed by RELEVANT LEGISLATION, the EMPLOYER must keep a record of the personal information of MEMBERS and their dependants which include names, identity numbers, addresses and contact information which must be supplied to the FUND when requested. Every MEMBER is required to supply the information as required herein to the EMPLOYER or alternatively to the FUND directly. Such information must be treated as confidential.
- (4) On the death of a MEMBER, the EMPLOYER must submit the personal information of such MEMBER and their dependants to the FUND within the notice period as set out in the RISK BENEFIT policies. Any other benefits paid or payable to dependants by the EMPLOYER must also be submitted to the FUND.
- (5) The FUND reserves the right to terminate the participation of an EMPLOYER when such EMPLOYER does not comply with its duties in terms of the RULES and RELEVANT LEGISLATION. The MEMBERS employed by the EMPLOYER will then become DEFERRED MEMBERS, or their MEMBER SHARES could be

transferred to another APPROVED or REGISTERED FUND at their written application subject to RELEVANT LEGISLATION.

- (6) A COUNCILLOR may become a MEMBER subject to written notification thereof to the FUND by the EMPLOYER or by the FUND receiving contributions from the EMPLOYER in respect of that COUNCILLOR. Unless specified, all the provisions of the RULES shall apply *mutatis mutandis* to any COUNCILLOR, provided that the RULES applicable to compulsory early retirement, redundancy and retrenchment shall not be applicable.
- (7) MEMBERS, pensioners and ANNUITANTS must choose a RISK BENEFIT from a list of RISK BENEFIT options made available by the FUND. RISK BENEFITS are provided subject to any conditions described in the applicable policies and payment of premiums, both of which may be amended from time to time.
- (8) The chosen RISK BENEFIT option may be changed on such conditions as contained in the RISK BENEFIT policies.

## **20 MONTHLY INCOME DISABILITY BENEFIT**

The monthly income disability benefits as provided previously had been insured with an INSURER and are subject to the conditions imposed by the INSURER concerned. The full terms and conditions as described in the INSURER's policy will apply and may change from time to time.

This benefit is no longer available to MEMBERS but if this option was elected before, it will remain applicable.

## **21 INVESTMENT PORTFOLIOS**

- (1) The INVESTMENT POLICY STATEMENT of the FUND describes the different investment portfolios of the FUND.
- (2) On becoming a MEMBER, an EMPLOYEE will be placed in the default Life-Stage Investment Portfolio. A MEMBER may change from the default portfolio on application as contained in the Investment Portfolio Switching Procedure policy of the FUND.

## **22 CESSATION OF MEMBERSHIP**

Membership of the FUND will cease when MEMBERS have received all the benefits due to them from the FUND upon any of the following events:

- (1) the dissolution of the FUND;
- (2) when MEMBERS withdraw from the FUND;
- (3) when MEMBERS retire and do not choose to become CATEGORY B PENSIONERS or in-FUND ANNUITANTS, or are no longer in-FUND ANNUITANTS;
- (4) when MEMBERS have been found to be medically unfit to perform the duties attached to their employment; and
- (5) when either the EMPLOYER disassociates from the FUND or the FUND disassociates from the EMPLOYER.

## **CHAPTER 4: FINANCIAL STRUCTURE OF THE FUND**

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### **23 FUND ACCOUNTS**

The assets of the FUND shall be held in various accounts, as described herein. Each account shall be maintained separately and transfers between accounts shall take place as specified in the RULES.

Details of the operation of the various accounts may be further set out in the TRUSTEE GUIDELINES, PROTOCOL AND POLICIES.

The accounts are as follows:

#### **(1) MEMBER SHARE ACCOUNT**

The Member Share Account comprises all the MEMBERS' SHARES. Each MEMBERS's SHARE comprises:

(a) CREDITS

- (i) TRANSFER VALUES received on behalf of the MEMBER;
- (ii) the nett MEMBER contributions after deducting RISK BENEFIT premiums and FUND EXPENSES;
- (iii) additional voluntary contributions;
- (iv) the investment yield earned on the assets underlying this account;
- (v) additional amounts payable by the EMPLOYER in respect of exiting MEMBERS;
- (vi) special transfers from the Processing Reserve Account as determined by the FUND after consultation with the Actuary; and
- (vii) transfers from the Risk Reserve Account representing the death and disability benefits payable, if any.

(b) DEBITS

- (i) the negative investment yield earned on the assets underlying this account;
- (ii) lump sum payments to the MEMBER or benefits transferred to an INSURER;
- (iii) transfers to the Pensions Account of the balance after the payment of any lump sum benefit on retirement, if any;
- (iv) settlement of housing loans or housing loan guarantees;
- (v) payment of any amount in terms of legally valid maintenance orders, divorce orders or employer claims;
- (vi) transfers to the Processing Reserve Account as determined by the FUND after consultation with the Actuary;



- (vii) transfers to the Living Annuity Account;
- (viii) tax payable in respect of any payments; and
- (ix) any shortfall of all or part of the costs associated with the RISK BENEFITS.

(2) **PENSIONS ACCOUNT**

This account comprises funds held for the payment of PENSIONS to pensioners. The following transactions shall be recorded in this account:

(a) CREDITS

- (i) an opening balance, as determined by the FUND, from the MEMBER SHARE account;
- (ii) the investment yield earned on the assets underlying this account;
- (iii) any amounts paid by the EMPLOYERS to eliminate an actuarial shortfall in respect of CATEGORY A PENSIONERS, as calculated by the Actuary; and
- (iv) transfers from the Solvency Reserve Account.

(b) DEBITS

- (i) PENSIONS payable and tax thereon;
- (ii) the lump sum value payable of the excess, if any, of the amount transferred from the MEMBER SHARE less all pensions paid, as determined by the Actuary;
- (iii) transfers to the Solvency Reserve Account;
- (iv) payment of maintenance orders;
- (v) PENSIONER FUND EXPENSES as determined by the FUND after consultation with the Actuary; and

- (vi) the negative investment yield earned on the assets underlying this account.

**(3) SOLVENCY RESERVE ACCOUNT**

The Solvency Reserve Account is a subset of the Pensions Account. The assets of the Solvency Reserve Account form part of the assets of the Pensions Account. The Solvency Reserve Account protects pensioners against potential adverse future investment and mortality experience. The balance of the Solvency Reserve Account is determined following each actuarial valuation of the FUND. The transactions of the Solvency Reserve Account shall be determined by the FUND after consultation with the Actuary.

**(i) CREDITS**

- (a) an opening balance funded from the Pensions Account; and
- (b) amounts transferred from the Pensions Account.

**(ii) DEBITS**

- (a) amounts transferred to the Pensions Account.

**(4) BENEFICIARY ACCOUNT**

This account comprises funds held for regular payments to BENEFICIARIES who are being paid in instalments in terms of RELEVANT LEGISLATION or bulk amounts held for future maintenance as a result of court orders. The following transactions shall be recorded in this account:

**(a) CREDITS**

- (i) An opening balance, as determined by the FUND;
- (ii) transfers from the Member Share Account;
- (iii) the investment yield earned on the assets underlying this account; and

(iv) transfers from the Processing Reserve Account.

(b) DEBITS

(i) Regular instalments and ad hoc payments payable in terms of the RULES, RELEVANT LEGISLATION and maintenance orders, as well as payment on reaching majority age where payments were made to minors;

(ii) FUND EXPENSES as determined by the FUND after consultation with the Actuary; and

(iii) the negative investment yield earned on the assets underlying this account.

(5) **PRESERVATION PENSION ACCOUNT**

MEMBERS who transfer a benefit into the FUND from a REGISTERED FUND which is not an APPROVED FUND will be required to transfer this benefit into the Preservation Pension Account. The Preservation Pension Account will be a separate account in which a MEMBER's transferred benefit is held. No further contributions by or on behalf of the MEMBER may be allocated to this account. The account shall consist of the following:

(a) CREDITS

(i) an amount comprising the sum of each MEMBER's benefit transferred from a pension fund organisation which is not an APPROVED FUND;

(ii) the investment yield on the assets underlying this account; and

(iii) special transfers from the Processing Reserve Account as determined by the FUND after consultation with the Actuary.

(b) DEBITS

(i) the negative investment yield on the assets underlying this account;

- (ii) payments to MEMBERS;
- (iii) transfers to an INSURER or an in-FUND ANNUITY of any part of the benefit being utilised to purchase such ANNUITY;
- (iv) settlement of any housing loans or housing loan guarantees;
- (v) payment of any pension interest in terms of a divorce order;
- (vi) payment of any benefit in terms of a maintenance order;
- (vii) tax payable to the SA Revenue Services in respect of payments;  
and
- (viii) special transfers to the Processing Reserve Account as determined by the FUND after consultation with the Actuary.

**(6) LIVING ANNUITY ACCOUNT**

The Living Annuity Account comprises funds held in respect of LIVING ANNUITIES for payment to ANNUITANTS. The following transactions shall be recorded in this account:

**(a) CREDITS**

- (i) transfers from the Member Share Account;
- (ii) the investment yield earned on the assets underlying this account;
- (iii) transfers from the Processing Reserve Account as determined by the FUND after consultation with the Actuary.

**(b) DEBITS**

- (i) payments to ANNUITANTS;
- (ii) costs of RISK BENEFITS;
- (iii) FUND EXPENSES as determined by the FUND after consultation with the Actuary;

- (iv) transfers out of the LIVING ANNUITY; and
- (v) the negative investment yield on the assets underlying this account.

**(7) UNCLAIMED BENEFIT ACCOUNT**

The Unclaimed Benefit Account is established to provide for the record of all monies categorised as unclaimed benefits in terms of the RELEVANT LEGISLATION.

**(a) CREDITS**

- (i) All monies categorised as unclaimed benefits in terms of RELEVANT LEGISLATION; and
- (ii) the investment yield on the assets underlying this account.

**(b) DEBITS**

- (i) Payments to persons who were traced or who claimed the monies;
- (ii) FUND EXPENSES and costs relating to the tracing of beneficiaries; and
- (iii) the negative investment yield on the assets underlying this account.

**24 RESERVE ACCOUNTS**

The Reserve Accounts are established to provide for obligations and contingencies of the FUND not covered by the Member Share Account, the Pensions Account, the Living Annuity Account and the Beneficiary Account, and represents a record of all monies of the FUND not allocated to those accounts. The Reserve Accounts are as follows:

(1) **RISK RESERVE ACCOUNT**

This account has been established to account for the administration and management of RISK BENEFITS which are insured by the FUND. The following shall apply in respect of the management of the account:

- (a) The account shall maintain sufficient funds to cover the claims related to the RISK BENEFITS.
- (b) The sufficiency of the funds shall be determined on a quarterly basis by a suitable Risk Advisor appointed by the FUND. The Risk Advisor will inform the FUND if the RISK BENEFITS and/or premiums should remain as they are or be reduced or increased and the extent thereof. If there is any change in the cover or the premiums it must be publicised on the FUND's website.
- (c) The FUND may increase or reduce the RISK BENEFITS and/or premiums to balance the RISK RESERVE ACCOUNT within a target period. The FUND may retain funds in the RISK RESERVE ACCOUNT to protect the FUND and mitigate against potential adverse risk experience.
- (d) The following transactions shall be recorded in the Risk Reserve Account:
  - (i) CREDITS
    - (aa) an opening balance as determined by the FUND after consultation with the Actuary;
    - (bb) the amount of the premiums deducted from contributions in respect of RISK BENEFITS;
    - (cc) reinsurance payments made to the FUND by an insurance company in respect of any claim relating to the applicable reinsurance cover;
    - (dd) transfers from the Processing Reserve Account; and

(ee) the investment yield on the assets underlying this account.

(ii) DEBITS

(aa) any FUND EXPENSES connected with or incidental to the management and payment of the RISK BENEFITS;

(bb) premiums payable by the FUND in respect of any reinsurance cover;

(cc) the negative investment yield on the assets underlying this account; and

(dd) transfers to the Member Share Account representing the applicable RISK BENEFITS payable.

(2) **PROCESSING RESERVE ACCOUNT**

The Processing Reserve Account has been established to account for differences between the actual nett FUND returns and the returns allocated to the Member Share Account, the Pensions Account, The Living Annuity Account, the Beneficiary Account and the various Reserve Accounts. This account will absorb any strains that may arise due to erroneous data.

The following transactions, as determined by the FUND after consultation with the Actuary, shall be recorded in the Processing Reserve Account:

(a) CREDITS

(i) any investment yield not allocated to any other account;

(ii) amounts debited to the Member Share Account, the Living Annuity Account, the Preservation Pension Account and the Beneficiary Account;

- (iii) transfers from the Pensions Account, the Expense Reserve Account and the Risk Reserve Account;
- (iv) interest levied in respect of late and underpaid contributions; and
- (v) any other income attributable to the FUND not specified elsewhere in the RULES.

(b) DEBITS

- (i) transfers to the Member Share Account;
- (ii) transfers to the Pensions Account, the Risk Reserve Account, the Preservation Pension Account, the Living Annuity Account, the Beneficiary Account and the Expense Reserve Account;
- (iii) any other payments by the FUND not specified elsewhere in the RULES; and
- (iv) any negative investment yield not allocated to any other account.

(3) **EXPENSE RESERVE ACCOUNT**

The Expense Reserve Account has been established to meet the ongoing FUND EXPENSES.

The following transactions shall be recorded in the Expense Reserve Account:

(a) CREDITS

- (i) the amount determined from time to time which is deducted from contributions to cover FUND EXPENSES;
- (ii) transfers from the Pensions Account in respect of the PENSIONS FUND EXPENSES;



- (iii) transfers from the Living Annuity Account in respect of the LIVING ANNUITANT FUND EXPENSES;
  - (iv) transfers from the Beneficiary Account in respect of BENEFICIARY FUND EXPENSES; and
  - (v) transfers from the Processing Reserve Account at the end of each FUND YEAR to eliminate any negative balance.
- (b) DEBITS
- (i) all FUND EXPENSES; and
  - (ii) at the end of each FUND YEAR, any remaining balance shall be allocated to the Processing Reserve Account.

## **CHAPTER 5: CONTRIBUTIONS**

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- 25** MEMBERS shall contribute 27% (twenty-seven percent) or 25.5% (twenty-five-point five percent) of their PENSIONABLE REMUNERATION to the FUND.
- 26** COUNCILLOR MEMBERS shall contribute 15% (fifteen percent) of their PENSIONABLE REMUNERATION to the FUND.
- 27** Contributions must be paid to the FUND by the EMPLOYER monthly as determined by and with the information as required by RELEVANT LEGISLATION.
- 28** Additional contributions to the FUND may be made on an annual or monthly basis.
- 29** An amount as determined by the FUND from time to time after consultation with the Actuary as the FUND EXPENSES, as well as the RISK BENEFIT premiums, shall be deducted from the contributions and the net balance shall be credited to the MEMBER's SHARE ACCOUNT.

- 30** The EMPLOYER shall contribute such amounts as determined from time to time by the FUND after consultation with the Actuary, as may be necessary to eliminate an actuarial shortfall in the Pensions Account in respect of CATEGORY A PENSIONERS.
- 31** Notwithstanding any provision to the contrary contained in the RULES and subject to a MEMBER's contract of employment or any contractual arrangement between the MEMBER and the EMPLOYER, if the total contributions payable to the FUND by a MEMBER for a particular tax year is likely to exceed the maximum income deductible amount in the Income Tax Act, such MEMBER may elect in writing to limit the contributions payable to the FUND to such maximum amount. The RISK BENEFITS and the premiums payable for such benefits shall then be based on the PENSIONABLE REMUNERATION commensurate to the contributions payable by the MEMBER.
- 32** If an EMPLOYER is unable to pay the required contributions, the EMPLOYER may approach the FUND to conclude an arrangement for the payment thereof. Such arrangement will only be made with the EMPLOYER if it can be shown that there was sufficient consultation with the MEMBERS. Any arrangement will have no effect on the legal obligations for payment of contributions as set out in RELEVANT LEGISLATION.
- 33** In the event of non-payment of contributions, the FUND may deduct the premium for RISK BENEFITS as well as FUND EXPENSES temporarily from the MEMBER SHARE. The FUND must inform the MEMBER of such arrangement in writing. If the MEMBER objects to such arrangement it will result in the MEMBER not being covered for such RISK BENEFITS for those months where no contribution is received, unless the MEMBER holds the EMPLOYER liable for such non-payment. On receipt of arrear contributions, the RISK BENEFIT premiums and FUND EXPENSES taken from the MEMBER SHARE will be paid back to the MEMBER SHARE.

**34 TEMPORARY ABSENCE**

The EMPLOYER must inform the FUND when a MEMBER is on leave without remuneration and may apply to the FUND for a temporary postponement of the contributions payable. The FUND may approve such application, on condition that

the EMPLOYER can provide proof that the application is made after consultation with the MEMBER concerned, by the MEMBER co-signing the application.

Whenever a MEMBER is on leave either with reduced or no remuneration, the MEMBER and the PARTICIPATING EMPLOYER shall agree on whether the contribution will be postponed, based on the normal PENSIONABLE REMUNERATION or on another basis. The payment of any INSURED RISK BENEFIT shall be based on the annual PENSIONABLE REMUNERATION recorded by the FUND in respect of the information supplied by the EMPLOYER and on which contributions were based. Should no premiums have been received from the MEMBER or the EMPLOYER in respect of the RISK BENEFITS, then such RISK BENEFITS shall lapse.

If no agreement can be reached between the EMPLOYER and the MEMBER regarding contributions during absence on leave without remuneration, the FUND will recover the premiums of RISK BENEFITS and associated FUND EXPENSES from the MEMBER SHARE based on the ordinary PENSIONABLE REMUNERATION and inform the MEMBER thereof, unless the MEMBER informs the FUND not to recover the premiums.

## **CHAPTER 6: RETIREMENT**

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- 35** The tax on benefits paid to MEMBERS as well as the benefit itself, will be dealt with in terms of RELEVANT LEGISLATION depending on the decisions of MEMBERS regarding the benefit.

In addition to taking an amount in cash, as determined by RELEVANT LEGISLATION, MEMBERS will also be able to make use of the in-FUND or out of the FUND endorsed options or as decided by the MEMBER. The responsibility for the MEMBERS' choices as indicated by them in the FUND's relevant prescribed form is that of the MEMBERS only, and the FUND cannot be held liable for the execution of those choices.

MEMBERS will be able to transfer their benefits out of the FUND or to become DEFERRED MEMBERS and leave their MEMBER SHARE in the FUND.

### **36 NORMAL RETIREMENT**

The MEMBER SHARES of MEMBERS retiring from SERVICE on NORMAL RETIREMENT DATE shall become payable after receipt of the completed FUND's prescribed form. All payments will be made after application of RELEVANT LEGISLATION.

### **37 EARLY RETIREMENT**

A MEMBER may retire at any time after having attained the age of 50 (fifty) years whereafter the MEMBER's SHARE shall become payable after receipt of the FUND's completed prescribed forms.

### **38 COMPULSORY EARLY RETIREMENT**

After MEMBERS have attained the age of 55 (fifty-five) years, they may be required by the EMPLOYER to retire and in such an event such MEMBERS shall be granted a retirement benefit calculated as follows unless as agreed otherwise:

- (1) the MEMBER's SHARE; plus
- (2) an amount payable by the EMPLOYER for which it shall be solely liable to the MEMBERS, which is calculated as: the difference between the age of 65 (sixty-five) years and the age on their nearest birthday, multiplied by 8% (eight percent), multiplied by the MEMBER SHARE:

Provided that:

- (a) the amount payable by the EMPLOYER in terms of sub-rule (2), may be reduced if the MEMBER agrees thereto in writing;
- (b) the FUND shall only become liable to pay the amount in terms of sub-rule (2) hereof, when the said amount has been paid by the EMPLOYER to the FUND. There shall be no obligation upon the FUND to take any steps to enforce payment by the EMPLOYER concerned of the said amount.

- (3) Sub-rule (2) does not apply to any MEMBER whose appointment is for a fixed term on completion of such term or a COUNCILLOR. Such MEMBERS shall only be entitled to receive their MEMBER SHARE from the FUND.

### **39 LATE RETIREMENT**

- (1) MEMBERS may retire after reaching the NORMAL RETIREMENT DATE, subject to RELATIVE LEGISLATION and the consent of the EMPLOYER. COUNCILLORS have the option to retire at the NORMAL RETIREMENT DATE, unless they choose to remain MEMBERS until their terms of office expire.

### **40 RETIREMENT OPTIONS**

- (1) At the receipt of the MEMBER's retirement benefit, the MEMBER may elect that the benefit or a portion thereof, be transferred to either one or both of the following options:
  - (a) The in-FUND Living Annuity Account to secure a LIVING ANNUITY. The MEMBER will then be regarded as an ANNUITANT; and/or
  - (b) The Pensions Account to secure a PENSION for such MEMBER. The MEMBER will then be regarded as a CATEGORY B PENSIONER. The Actuary will calculate the PENSION payable.

The MEMBER must elect from the following options:

- (i) Whether the payment of the PENSION should be guaranteed for 5 (five) or 10 (ten) years after the retirement date.
- (ii) If the pensioner has an ELIGIBLE SPOUSE, whether provision must be made for a continued PENSION of 75 (seventy-five) or 60 (sixty) percent of the PENSION payable before death, to the ELIGIBLE SPOUSE. If a pensioner has no ELIGIBLE SPOUSE, no provision can be made for continued payments after death of the pensioner.
- (iii) Whether, after the last payment of the PENSION has been made or if there is no PENSION payable, a lump sum as calculated by the Actuary is payable of the excess, if any, of the amount

transferred from the MEMBER SHARE less pensions paid. If such amount is payable, it will be paid to the nominee or the estate of the pensioner. If no estate is registered, the FUND may, at its discretion, pay the amount in terms of the rules of intestate succession.

- (iv) A pensioner has the option to elect RISK BENEFITS from a list of RISK BENEFITS which the FUND makes available to pensioners.
- (c) As an alternative to the election in sub-rules (1)(a) and (b), prior to or at retiring a MEMBER may elect that the whole or part of the benefit be utilised to purchase an annuity outside the FUND, subject to RELEVANT LEGISLATION. After a transfer has been made as elected, the FUND shall not be liable for the payment of any further benefits in respect of the MEMBER.
- (2) MEMBERS who retire may elect to postpone payment of their retirement benefits and become DEFERRED MEMBERS of the FUND.

#### **41 LIVING ANNUITY**

- (1) If a MEMBER elects an in-FUND LIVING ANNUITY the following apply:
  - (a) The whole or portion of the MEMBER SHARE or benefit is transferred to the Living Annuity Account.
  - (b) The FUND must determine the draw down rate or range of draw down rates to be made available to ANNUITANTS from time to time, which will be subject to the minimum and maximum percentage draw down rates prescribed by RELEVANT LEGISLATION from time to time. The FUND may, on application by an ANNUITANT, exempt such ANNUITANT from any limitation it may have imposed with regard to draw down rates, subject to the prescribed minima and maxima.
  - (c) The ANNUITANT must elect the draw down rate from the available draw down rates on which the LIVING ANNUITY payments will be based, equal to a percentage of the ANNUITANT's balance in the Living Annuity Account.

- (d) A monthly ANNUITY is paid from the Living Annuity Account to the ANNUITANT, commencing on his/her retirement date.
- (e) At the anniversary of the LIVING ANNUITY in each subsequent year or at a standard time in respect of all as determined by the FUND, the ANNUITANT may elect to adjust the draw down rate to be applied for the next 12 (twelve) months.
- (f) An ANNUITANT has the option to elect the investment portfolio in which the balance of the Living Annuity Account must be invested or where it must be transferred to, subject to the conditions laid down by the FUND from time to time. Failing such election, the funds will be invested in the Moderate Portfolio.

Such election will be made from a list of portfolios described in the INVESTMENT POLICY STATEMENT until the ANNUITANT makes another election in terms of the Portfolio Switching Procedure policy of the FUND.

- (g) An ANNUITANT has the option to elect RISK BENEFITS from a list of RISK BENEFITS which the FUND will make available to ANNUITANTS.
  - (h) The FUND's liability in respect of the ANNUITANT is limited to the ANNUITANT's balance in the Living Annuity Account at any given time.
- (2) The option to be paid a LIVING ANNUITY from the FUND will only be available to MEMBERS if their benefits, less the amount paid in a lump sum, is at least equal to the minimum amount determined by the FUND for this purpose from time to time.
  - (3) The FUND may determine the administrative FUND EXPENSES payable by an ANNUITANT and may lay down such further conditions and requirements relating to the administration and payment of the LIVING ANNUITY as it may deem appropriate.
  - (4) An ANNUITANT may, subject to the requirements laid down by the FUND from time to time and any transfer requirements in terms of RELATIVE LEGISLATION, elect to apply the credit balance in the Living Annuity Account

or part thereof to purchase a living annuity or any other compulsory annuity within or outside the FUND.

- (5) The full remaining balance in the Living Annuity Account in respect of the ANNUITANTS may be paid to them when such balance becomes less than the minimum monetary amount prescribed in terms of income tax legislation from time to time.
- (6) An ANNUITANT may instruct the FUND in writing on the distribution of the remaining ANNUITANT's balance in the Living Annuity Account on the death of the annuitant. Such instruction must contain the name, identity number, address and other tracing detail as may be required by the FUND regarding the nominees, as well as the portion allocated to them. If no such instruction is received, the FUND will distribute the benefit, at its discretion, to the estate of the ANNUITANT or in terms of the rules of intestate succession.

## **42 GUIDANCE AND SUPPORT FOR MEMBERS**

- (1) The FUND will give MEMBERS access to COUNSELLING as described in RELEVANT LEGISLATION when MEMBERS withdraw from the FUND or retire.
- (2) The FUND may give access to COUNSELLING and financial advice to MEMBERS and BENEFICIARIES who receive benefits by appointing a duly registered financial advisory firm, on a basis as determined by the FUND, to provide such COUNSELLING and financial advice by persons registered as financial advisers with the AUTHORITY.
- (3) The FUND will not be responsible, or held liable for the financial advice provided to, and decisions made by MEMBERS or BENEFICIARIES as a result of advice provided by the financial advisors appointed by the FUND or any other financial adviser utilised by the MEMBER or BENEFICIARY.



## **CHAPTER 7: DEATH BENEFITS**

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### **43 DEATH PRIOR TO RETIREMENT**

- (1) The EMPLOYER must inform the FUND of the death of a MEMBER within 30 (thirty) days and submit all the relevant information regarding the MEMBER and possible dependants.
- (2) The death benefits provided to MEMBERS are determined by the choice of MEMBERS regarding their RISK BENEFITS, subject to the conditions imposed by the FUND or the INSURER concerned as set out in the policies.
- (3) A death benefit will be distributed to BENEFICIARIES in accordance with RELEVANT LEGISLATION. If a provisional allocation was made and the possible BENEFICIARY cannot be traced or the necessary information regarding dependency cannot be obtained within 2 (two) years after the decision of the FUND on the death claim and after the FUND has used sufficient efforts at the discretion of the FUND to trace the possible BENEFICIARY, or to obtain the information, the benefit may be distributed to the approved BENEFICIARIES at the discretion of the FUND. Reasonable costs associated with the investigation into the distribution of death benefits may be recovered from the benefit.
- (4) COUNSELLING will be made available to BENEFICIARIES who receive benefits from the FUND. All options available to MEMBERS who retire will be made available to BENEFICIARIES, except RISK BENEFITS and the option of becoming a DEFERRED MEMBER. For this purpose, the reference to 'MEMBER' in RULES 40 and 41 must be substituted with 'BENEFICIARY', except in RULE 40(2).
- (5) All MEMBERS may indicate their wishes in writing to the FUND on the FUND's prescribed form how any benefit should be distributed in the event of their death. If BENEFICIARIES are nominated, all information must be submitted to the FUND to enable the FUND to trace the BENEFICIARIES. Except where a trust is nominated, all nominations should be to natural persons. The FUND is

not bound by these nominations if the discretion is that of the FUND in terms of RELEVANT LEGISLATION, but will consider the wishes. Where only BENEFICIARIES are nominated who are not dependants of the deceased, the FUND will distribute the benefit in terms of RELEVANT LEGISLATION. MEMBERS should give priority to persons who are dependent on the MEMBER.

#### **44 DEATH AFTER RETIREMENT**

##### **(1) CATEGORY A PENSIONER**

(a) If a CATEGORY A PENSIONER who is in receipt of a PENSION dies after retirement date, the following benefits will become payable:

- (i) a PENSION payable to an ELIGIBLE SPOUSE equal to 60% (sixty percent) of the PENSION payments payable to the pensioner at the time of death; PLUS
- (ii) a PENSION payable to an ELIGIBLE CHILD equal to 10% (ten percent) of the PENSION payments payable to the pensioner at the time of his/her death. If there is no ELIGIBLE SPOUSE, the PENSION due to each ELIGIBLE CHILD shall be doubled.

In the event of a pensioner having more than 3 (three) ELIGIBLE CHILDREN:

- (a) the benefit will be restricted to 3 (three) ELIGIBLE CHILDREN;
  - (b) the total payable children's PENSION will be divided equally between all the ELIGIBLE CHILDREN;
  - (c) where any ELIGIBLE CHILD no longer qualifies to receive a PENSION, the total benefit will be equally divided amongst the remaining ELIGIBLE CHILDREN until there are only 3 (three) ELIGIBLE CHILDREN.
- (iii) After the last payment of any of the above PENSIONS or if there are no such PENSIONS payable, an additional lump sum as calculated by the Actuary equal to the excess of the MEMBER

SHARE relative to the total benefits paid, if any, shall become payable in terms of the provisions of the ACT which will be distributed in terms of the rules of intestate succession at the discretion of the FUND;

- (iv) If no ELIGIBLE SPOUSE or ELIGIBLE CHILD's PENSION is payable and the pensioner dies within 60 (sixty) months from the date of his actual retirement, the FUND shall pay the equivalent of the outstanding PENSION payments, plus any amount payable in terms of sub-rule (1)(a)(iii), as calculated by the Actuary, as a lump sum in terms of the provisions of the ACT to the estate of the deceased or in terms of the rules of intestate succession at the discretion of the FUND.

**(2) CATEGORY B PENSIONER**

If a CATEGORY B PENSIONER dies, the benefit will be in accordance with the election of the MEMBER in RULE 40(1)(b).

**(3) DEATH OF AN ANNUITANT**

- (1) If ANNUITANTS die, the chosen RISK BENEFIT, if applicable, and the credit balance in their Living Annuity Accounts must be paid by the FUND as instructed by the ANNUITANT. The Fund will make counselling and financial advice available to BENEFICIARIES. The following options are available to BENEFICIARIES:

- (a) That part of, or the whole of the benefit be paid to them in a lump sum.
- (b) That the benefit or a portion thereof, be applied to provide a LIVING ANNUITY, in which case the provisions of RULE 41 will apply *mutatis mutandis*.
- (c) That the benefit or a portion thereof be transferred to the Pensions Account to secure a PENSION. Such BENEFICIARY will then be regarded as a CATEGORY B

PENSIONER and the terms and conditions as set out in RULE 40(1)(b) will apply *mutatis mutandis*. The Actuary will calculate the PENSION payable by the FUND.

## **CHAPTER 8: WITHDRAWAL**

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### **45 WITHDRAWAL BENEFIT AND FORMS**

On leaving SERVICE for any reason, MEMBERS' SHARES will become payable to such MEMBERS. Any benefit will only be paid after receipt of the MEMBER's withdrawal form. Until such time as the FUND is in receipt of the FUND's relevant prescribed fully completed withdrawal form, signed by the MEMBER and the EMPLOYER, instructing the FUND which payment option is chosen, such MEMBERS will be regarded as paid-up MEMBERS. The FUND will make COUNSELLING and financial advice available to such MEMBERS, or they may make use of the financial advisers they appointed.

Where a MEMBER or BENEFICIARY make use of a financial adviser when withdrawing from the FUND for any reason, such adviser must co-sign the withdrawal form.

The FUND is not liable for executing the relevant form in accordance with the election of the MEMBER and the MEMBER shall have no claim against the FUND for such execution by the FUND.

### **46 EMPLOYER'S NOTIFICATION OF REASONS FOR TERMINATION OF SERVICE**

The FUND shall be entitled to act on the particulars furnished to them by the EMPLOYER without further enquiry or investigation regarding the reasons for the MEMBER's termination of SERVICE as supplied in the withdrawal form. The EMPLOYER indemnifies the FUND against any claims instituted against the FUND as a result of the FUND so acting.

## **47 REDUNDANCY OR RETRENCHMENT**

If a MEMBER'S SERVICE is terminated owing to a reduction of staff, reorganisation, the abolition of his/her post, in order to effect improvements in efficiency, or employment equity, on receipt of advice from the EMPLOYER, he/she shall become entitled to a lump sum benefit comprising the following:

- (1) the MEMBER SHARE; plus
  
- (2) an amount payable by the EMPLOYER concerned being the lesser of-
  - (a) the difference between the age of 65 (sixty-five) years and his/her age on his/her nearest birthday, multiplied by 8% (eight percent), multiplied by the MEMBER SHARE; or
  
  - (b) 100% (one hundred percent) of the MEMBER SHARE,

provided that the amount payable by the EMPLOYER may be reduced if the MEMBER agrees thereto in writing and that the FUND shall only become liable to pay the amount in terms of this RULE, if and when the said amount has been paid by the EMPLOYER to the FUND, and there is and shall be no obligation upon the FUND to take any steps to enforce payment by the EMPLOYER concerned of the said amount.

- (3) A MEMBER will automatically become a DEFERRED MEMBER until the FUND is in receipt of the MEMBER'S completed withdrawal form as set out in RULE 45.

## **48 PRESERVATION BENEFIT**

- (1) MEMBERS may elect to preserve their benefits:
  - (a) by transferring such amount to a Retirement Annuity Fund of their choice or to a Provident Preservation Fund in which the EMPLOYER participates; or
  
  - (b) by transferring such amount to a pension or provident fund operated for the benefit of employees of their new employer with whom the withdrawing MEMBER is taking up employment; or

- (c) by electing to become a DEFERRED MEMBER of the FUND.

## **CHAPTER 9: TRANSFERS FROM OR TO OTHER FUNDS**

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**49** The FUND may approve arrangements for the preservation of transferred pension rights, which rights may make provision for the following:

- (1) In respect of a person or a group of individuals who were members of a pension organisation and who become MEMBERS of the FUND:
  - (a) the FUND may allow members from other APPROVED or REGISTERED FUNDS to transfer to the FUND, subject to conditions as determined by the FUND from time to time; and
  - (b) such transfer of business shall comply with the FUND conditions as determined from time to time and shall be done in accordance with the provisions of RELEVANT LEGISLATION.

### **50 TRANSFERS TO OTHER FUNDS**

- (1) The FUND may at the request or with the approval of the MEMBER, allow MEMBERS to transfer to other funds subject to the following conditions:
  - (a) any conditions laid down by the FUND;
  - (b) approval by the FUND;
  - (c) MEMBERS may not be transferred against their will and no transfer shall take place without MEMBERS having completed the relevant administration form; and
  - (d) the provisions of the ACT must be complied with.

## **51 TRANSFERS TO NON- MUNICIPAL EMPLOYERS**

MEMBERS who are transferred to a new employer which is not a municipality, may be required to terminate their active membership in the FUND and join a fund that is associated with their new employer, if applicable. Subject to the provisions of the transfer agreement and transfer arrangements, the MEMBERS may elect to:

- (a) receive their MEMBER SHARES as a withdrawal benefit, subject to RELEVANT LEGISLATION;
- (b) transfer their MEMBER SHARES to the retirement fund of the new employer;  
or
- (c) leave their MEMBER SHARES as at the date of transfer in the FUND as a deferred benefit and they will then be regarded as a DEFERRED MEMBERS.

## **CHAPTER 10: DEFERRED MEMBERS**

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**52** MEMBERS' benefit will accrue to them upon receipt of their withdrawal forms and such MEMBERS may elect to leave their retirement benefits in the FUND and as such become DEFERRED MEMBERS.

The following provisions shall apply to DEFERRED MEMBERS:

- (1) The MEMBER SHARE will be retained in the Member Share Account;
- (2) The MEMBER may elect the investment portfolio wherein the MEMBER SHARE will be invested;
- (3) Rule 43(5) applies regarding the nomination BENEFICIARIES in the event of the death of the MEMBER;
- (4) The deferred retirement benefit will become payable upon receipt by the FUND of the DEFERRED MEMBER's completed withdrawal form as set out in RULE 45 signed only by the MEMBER; and

- (5) On the death of a DEFERRED MEMBER, the MEMBER SHARE will be payable in accordance with the RELEVANT LEGISLATION.

## **CHAPTER 11: PROVISIONS REGARDING BENEFITS**

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### **53 PAYMENT PROCEDURES**

- (1) The FUND shall be entitled to request proof to its satisfaction as to the identity and right of any MEMBER, pensioner or BENEFICIARY to any benefit before payment of any benefit is made to such person.
- (2) Whenever a benefit is payable to any MEMBER, pensioner or BENEFICIARY, such benefit shall be paid by means of electronic transfer into the account of that person with a registered bank, or if no such account exists, the benefit can be paid to a nominated bank account on submission of a sworn affidavit requesting such payment. The MEMBER, pensioner or BENEFICIARY shall inform the FUND in writing of the particulars of his/her bank account and/or postal address.
- (3) Any benefit payable in terms of these RULES shall be subject to applicable taxation.

### **54 DEDUCTIONS FROM BENEFITS**

- (1) The FUND may, subject to the provisions of the ACT, the law and the RULES, deduct or withhold certain amounts from the benefit to which a MEMBER or BENEFICIARY is entitled.
- (2) The total amount so deducted or withheld shall not exceed the amount which may be taken as a lump sum by the MEMBER or the BENEFICIARY in terms of the RULES and RELEVANT LEGISLATION.



## **55 PAYMENT OF BENEFITS**

- (1) Benefits payable to a MEMBER, pensioner or BENEFICIARY shall be due and payable the day after the date of the exit event.
- (2) Interest shall become due and payable from the date that the benefit has been disinvested from the market. The disinvested benefit shall earn interest at the FUND's bank account current rate from date of deposit to date of payment.
- (3) The payment of any interest on the late payment of benefits shall not form part of the benefit but shall be deemed to be interest in the hands of the BENEFICIARY and shall be subject to the applicable tax laws at the time of the payment.

## **56 UNCLAIMED BENEFITS**

- (1) If a benefit is not paid to a MEMBER, pensioner or BENEFICIARY within the time limit set by RELEVANT LEGISLATION after such benefit became legally due and payable, such benefit shall be transferred to the Unclaimed Benefit Account or transferred to a registered Pension Preservation Fund.
- (2) Where a MEMBER, pensioner or BENEFICIARY has not been traced and such unclaimed benefit has been transferred to the Unclaimed Benefit Account or a Pension Preservation Fund, and the benefit is claimed, the FUND must pay the benefit from the Unclaimed Benefit Account, or if it was transferred, the Pension Preservation Fund must pay the benefit.
- (3) The amount of the benefit shall consist of the amount held in the Unclaimed Benefit Account, the Pension Preservation Fund, together with any interest thereon less costs.
- (4) If reasonable costs are incurred as a consequence of the administration of the unclaimed benefit, the tracing of any potential MEMBER or BENEFICIARY or any other reasonable costs may be debited to the Unclaimed Benefit Account.

## **57 PAYMENT OF PENSIONS**

- (1) PENSIONS are payable monthly.
- (2) The first PENSION payment shall be due at the end of the calendar month following the month in which a pensioner has retired or died.
- (3) The last PENSION payment shall be due at the end of the calendar month in which:
  - (a) a pensioner dies,
  - (b) the ELIGIBLE SPOUSE dies in the case of an ELIGIBLE SPOUSE's PENSION,
  - (c) an ELIGIBLE CHILD ceases being an ELIGIBLE CHILD in the case of a CATEGORY A PENSIONER.
- (4) Whenever a PENSION commences, terminates or is changed, payments due at the end of the month concerned will be based on the circumstances applying immediately prior to such commencement, change or termination.
- (5) The FUND shall regularly test the validity of the pensioner data base with the Department of Home Affairs. When the Department of Home Affairs has recorded a person as deceased, the FUND shall be entitled to suspend the PENSION and the PENSION shall be retrospectively reinstated once satisfactory proof of existence has been received by the FUND. Where any PENSIONS have been overpaid due to the non-notification of the pensioner's death, such overpaid PENSIONS shall be recovered from the pensioner's estate.
- (6) The FUND shall be entitled to call for proof of full-time education in respect of an ELIGIBLE CHILD of a CATEGORY A PENSIONER who is 18 (eighteen) years or older. The PENSION may be suspended by the FUND until such satisfactory proof of study is received at which stage the PENSION will be retrospectively reinstated.

## **58 PENSION ADJUSTMENTS**

- (1) PENSIONS payable to CATEGORY A PENSIONERS may be increased from time to time at a rate determined by the BOARD OF TRUSTEES after consultation with the Actuary and in accordance with the pensioner increase policy and the provisions of the ACT.
- (2) PENSIONS payable to CATEGORY B PENSIONERS may be increased or decreased from time to time as determined by the BOARD OF TRUSTEES after consultation with the Actuary.
- (3) The BOARD OF TRUSTEES may, after consultation with the Actuary, approve the payment of an ad-hoc bonus to pensioners, subject to the financial soundness of the Pensions Account.

## **59 PAYMENT OF LIVING ANNUITIES**

- (1) LIVING ANNUITIES are paid on the before or on the last working day of each month.
- (2) The first LIVING ANNUITY payment shall be due at the end of the calendar month following the month in which the MEMBER became an ANNUITANT, or the ANNUITANT died.
- (3) The last LIVING ANNUITY payment shall be due at the end of the calendar month in which:
  - (a) the ANNUITANT purchases a living annuity or any other compulsory annuity outside the FUND;
  - (b) the full remaining credit balance in the Living Annuity Account in respect of an ANNUITANT is paid to him/her in a lump sum; or
  - (c) the ANNUITANT dies.
- (4) The FUND shall regularly test the validity of the ANNUITANT data base with the Department of Home Affairs. When the Department of Home Affairs has recorded a person as deceased, the FUND shall be entitled to suspend the LIVING ANNUITY and such annuity shall be retrospectively reinstated once

satisfactory proof of existence has been received by the FUND. Where any LIVING ANNUITIES have been overpaid due to non-notification of the ANNUITANT's death, such overpaid LIVING ANNUITY shall be recovered from the ANNUITANT's estate or the positive balance of the LIVING ANNUITY.

## **CHAPTER 12: INVESTMENTS**

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### **60 INVESTMENT PROCEDURES**

- (1) Every document of title to an investment will be registered in the name of the FUND or of a nominee entity approved by the Fund. Alternatively, the investment will be housed in an investment vehicle as approved by the AUTHORITY.
- (2) The FUND must arrange for the safekeeping of all title deeds and other securities belonging to or held by the FUND and for the marking of those documents to easily establish at any time those documents that belong to or are held by the FUND.
- (3) All investments shall be subject to the conditions laid down in RELEVANT LEGISLATION and the INVESTMENT POLICY STATEMENT. Conditions and administrative processes regarding investments are contained in the TRUSTEE GUIDELINES, PROTOCOL AND POLICIES.

## **CHAPTER 13: GENERAL PROVISIONS**

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### **61 MONIES NOT TO REVERT TO EMPLOYER**

The EMPLOYERS shall not derive any monetary advantage from monies paid into or out of the FUND and no monies of the FUND shall become the property of the EMPLOYERS.

## **62 COMPLAINTS**

- (1) A MEMBER, pensioner or BENEFICIARY or potential beneficiary is entitled to lodge a written complaint to the FUND.
- (2) A complaint so lodged must be properly considered in terms of the complaints policy of the FUND and replied to in writing by the FUND.
- (3) If the complainant is not satisfied with the FUND's response, the complainant may lodge the complaint with the Pension Funds Adjudicator or a court with the necessary jurisdiction.

## **CHAPTER 14: PRESERVATION PENSION ACCOUNT**

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### **63 PRESERVATION PENSION ACCOUNT**

'MEMBER' in this chapter refers to a MEMBER who has funds in the Preservation Pension Account.

- (1) Applicants or MEMBERS who transfer a benefit into the FUND from a pension organisation that is not an APPROVED FUND will be required to transfer this benefit into the Preservation Pension Account.
- (2) Benefits payable to MEMBERS with assets in the Preservation Pension Account at normal, early, late, or compulsory retirement, as well as on death, disability, withdrawal or retrenchment, will be enhanced by the benefit in this account.
- (3) **COMMUTATION AND PENSION OPTIONS**
  - (a) The MEMBER may commute a maximum of 1/3<sup>rd</sup> (one-third) of the value of the MEMBER's share in the Preservation Pension Account on retirement, subject to the provisions of the applicable tax laws at the date of retirement.

- (b) The portion of the MEMBER's share in the Preservation Pension Account that is not commuted by the MEMBER as a lump sum benefit shall be utilised to purchase an annuity from the FUND or from one or more INSURERS, subject to the provisions of the Income Tax Act.

## **CHAPTER 15: DISSOLUTION AND DISASSOCIATION**

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- 64** If 90% (ninety percent) of the MEMBERS of the FUND and 90% (ninety percent) of the EMPLOYERS decide to dissolve the FUND, the FUND shall appoint a liquidator, subject to the approval of the AUTHORITY.
- 65** The liquidator shall allocate the balance in the Pensions Account to the BENEFICIARIES who are entitled to PENSIONS on a basis determined by the liquidator in consultation with the Actuary and use each such BENEFICIARY's allocation to purchase an ANNUITY from an INSURER. The conditions determined in respect of such ANNUITY shall as far as possible be similar to the PENSION which is being paid by the FUND.

The liquidator shall simultaneously allocate the balance in the Member Share Account to each MEMBER in proportion to the MEMBER's SHARE at that time.

Such amount shall in consultation with the MEMBER either be paid to the MEMBER or be invested in an approved Provident Preservation Fund, an approved Retirement Annuity Fund or any other fund that has been approved by the AUTHORITY.

The Reserve Accounts shall be distributed equitably between the MEMBERS and pensioners as decided by the liquidator after consultation with the Actuary and after taking the liquidation costs into account.

The liquidator shall allocate the balance in the Living Annuity Account to each ANNUITANT in proportion to the value of every ANNUITANT's annuity account, which will be invested in consultation with the ANNUITANT in an approved annuity fund.

The liquidator shall distribute the balance in the Beneficiary Account to each BENEFICIARY, the guardian or caregiver of such BENEFICIARY in proportion to the funds being held by the FUND for such BENEFICIARY.

Any amount held in the Preservation Pension Account shall be allocated to such MEMBERS in proportion to their value in such account at that time. Such amounts shall be invested in an Approved Retirement Annuity Fund, or any other pension fund that has been approved by the AUTHORITY.

**66** Alternatively, the liquidator may determine another method of disposing of the assets of the FUND for the benefit of the MEMBERS and pensioners, subject to the approval of the AUTHORITY.

**67** If the FUND is terminated or dissolved under section 28 of the ACT, all monies remaining unclaimed for a period of 6 (six) months from the date on which payment benefits commenced after completion of all necessary formalities shall be paid in terms of legislation as an unclaimed benefit to an approved Provident Preservation Fund. Thereafter there shall be no claim against the FUND or the EMPLOYERS.

The liquidator shall indicate in his final liquidation account the amount thus paid and shall simultaneously furnish the AUTHORITY with a certificate to the effect that all reasonable steps were taken to trace persons entitled to the amount. An AUDITOR approved by the AUTHORITY shall certify the account as being correct.

**68** If the FUND is wound up in terms of section 29 of the ACT and the winding-up order does not specifically refer to unclaimed moneys in terms of the provisions of the Companies Act, 2008 (Act 71 of 2008), or direct otherwise regarding unclaimed monies, the provisions of RULE 67 shall apply.

**69** If the FUND is wound up in terms of Sections 28 or 29 of the Act, the provisions relating to the transfer of business as contained in the ACT shall apply.

**70** Should an EMPLOYER wish to disassociate from the FUND, the EMPLOYER shall apply to the FUND for disassociation and give reasons for such disassociation.

**71** In the event of the disassociation of an EMPLOYER, the MEMBERS' MEMBER SHARE and/or value in the Preservation Pension Account, after the costs of the termination

of the EMPLOYER have been taken into account shall be paid as a cash lump sum benefit to the MEMBER or on election by the MEMBER, such benefit shall be transferred to the new fund of the EMPLOYER, to an approved Provident Preservation Fund, and approved Pension Preservation Fund or an approved Retirement Annuity, unless the EMPLOYER and the MEMBERS have specifically agreed that such benefits will be wholly transferred to the fund of the EMPLOYER.